

The Funding Uplift 2023

The Government's proposal and our assessment of the
pros and cons

August 2023

What we'll cover today

- ▶ Relevant background
- ▶ The funders' proposal
- ▶ The Proposal and Pay Equity
- ▶ The Proposal and the unions
- ▶ Our Analysis
- ▶ Our Recommendations
- ▶ Questions & Comments

Note: a copy of this presentation will be sent to all who registered for the event and posted on NZDSN's website.

Relevant Background

- ▶ This started with both the peak bodies and unions made a request for an interim wage increase for care and support workers in response to delays in progressing the CSW pay equity claim
- ▶ a “Letter of Comfort” from Te Whatu Ora to their contracted providers offering a 5% fee increase and recommending it go to CSW and administration staff wages
- ▶ Peak bodies responded telling Te Whatu Ora they cannot dictate how a funding increase is spent
- ▶ Te Whatu Ora officials have advised that their Board and the Minister of Health have an expectation that any increase be applied to wages

Relevant Background (continued)

- ▶ Te Whatu Ora officials have confirmed that this is ultimately at the discretion of each individual service provider (and they cannot direct anyone to do this)
- ▶ Te Whatu Ora and other funders have now proposed a 3% wage increase for Support Workers only
- ▶ Some of the funding is tagged and some is not
- ▶ Across four sectors: Disability, Mental Health & Addictions, Home & Community Health, Aged Care
- ▶ It is NOT a formal agreement, or binding on any employer (so not an extension to the Pay Equity legislation that expires on 31 December 2023)

Relevant Background (continued)

- ▶ Te Whatu Ora was proposing that the peak bodies “endorse” or “recommend” the proposal to their memberships
- ▶ Te Whatu Ora have advised that even if the employer does not allocate the whole fee increase to CSW wages, Treasury will still deduct the fee increase from any CSW Pay Equity settlement
- ▶ It has been proposed that the four relevant peak bodies and three unions share this proposal with their respective memberships and not challenge or undermine it. This is yet to be agreed by all parties.

The Proposal

- ▶ For consistency purposes, service providers across the Home and Community, Disability, Mental Health & Addictions, and Residential Aged Care sectors consider increasing the wage rates for care and support workers (CSWs) by 3% from funding made available from funders, effective 1 July 2023
- ▶ Providers contracted by **Te Whatu Ora** have recently been notified that there will be a **5% BaU funding increase** from 1 July 2023.
- ▶ **MSD has previously confirmed a 7%** general increase and is now offering an additional 3% tagged for the purpose of increasing CSW wage rates from 1 July 2023.

The Proposal (continued)

- ▶ ACC has previously confirmed 0.9% to HCSS providers. It is now offering **additional tagged funding** to enable providers to increase CSW wage rates by 3% (this funding will be topped up from the 0.9% already confirmed and covers the last two years!). This will only be paid if you increase support worker wages and is unlikely to cover additional costs such as annual leave provision.
- ▶ **Whaikaha is offering a general 3% funding increase**, which will not have any conditions attached to it (meaning providers may use their discretion), but Whaikaha will be strongly encouraging providers to pass on 3% for CSW wage increases
- ▶ Oranga Tamariki, Corrections, and Housing and Urban Development will offer an additional 3% funding tagged to enable providers to increase CSW wage rates.

The Proposal (continued)

- ▶ We have calculated the 3% wage uplift and believe it will look like this (note: our figures, not funders' figures)

Existing level	Existing	3%
1	\$ 22.70	\$ 23.38
2	\$ 24.06	\$ 24.78
3	\$ 26.16	\$ 26.94
4a	\$ 27.20	\$ 28.02
4b	\$ 28.25	\$ 29.10

The Proposal and Pay Equity

- ▶ The funders are looking for a consistent sector approach in relation to a CSW wage increase from 1 July 2023
 - ▶ Note: an earlier decision was made by funders NOT to introduce a wage increase for these workers following the same process as the last six years – this is largely why we are in this situation!
- ▶ It has been suggested that the proposed 3% increase will be used as a common baseline in funding calculations for future pay equity funding – regardless of whether individual service providers have actioned this increase or not, We are not sure what the implications of this are yet
- ▶ It should also be noted that no decisions have yet been made by Government about the mechanism to be used to implement any future sector pay equity solution.
- ▶ So, it is not yet clear what will happen to the existing CSW legislation which is set to expire on 31 December 2023.

The Proposal and the Unions

- ▶ The PSA has promised its members a 5% wage rise, after receiving an assurance from the Minister of Health that this would be the case
- ▶ The unions have all committed to pursuing increases in line with cost-of-living through Collective bargaining (ie: 7%)
- ▶ The unions have been opposed to individual employers doing their own thing, ie: variation across employers. This is exactly what is now happening
- ▶ The unions have called for all of any funding increase to be passed on to workers
- ▶ The unions pushed for a 5% increase by all funders, to be passed on to workers (so did employers)

Our Analysis

- ▶ The funding increase is different across the funders. There is no consistency of funding as requested by the Peak Bodies
- ▶ Whaikaha's increase is the second-lowest next to ACC
- ▶ The funding does not include all on-costs, only those selected by the funders. There is a 3% to 5% gap
- ▶ We don't know the mechanism for payment or when payment and back-payments will be made by funders
- ▶ The funding is targeted at CSWs only, not other roles
- ▶ This was intended to be a short-term move before the CSW Pay Equity claim was settled. We now don't know when that will be, so may not be THAT short term

Our Analysis (continued)

- ▶ It is hypocritical for Funders to take a strong position on the refusal of the peak bodies to endorse or in any way back Te Whatu Ora's expectation of a 3% wage uplift with varied funding increases
- ▶ Te Whatu Ora has already set the precedent with the 600+ aged care providers who have been offered 5% with nothing more than an 'expectation that they will pass on as much as possible in increased wages
- ▶ The peak bodies and employers have reached the stage where they believe a good number of employers will take whatever increase is on offer just to get some extra dollars – we understand this
- ▶ For this reason, while not “endorsing” the proposal, we are putting it to members so you can make up your own mind what you do with any increase.
 - ▶ Note: some of the funding is tagged so will only be available if the 3% wage increase is implemented

Our Recommendations

- ▶ We advise members to hold to the view that they can only adjust wages in line with what is affordable for them after receiving any fee uplift from government
- ▶ This does not mean you are obliged to pass on the whole of any fee increase, only what you believe you can afford
- ▶ If the unions push for a greater increase than what you can afford, you must say no
- ▶ Do your sums! We believe some providers may find this proposal costs them money and ultimately the viability of their service.

Questions & Comments

